

2. **COLLATERAL** ☐ Consumer Goods ☒ Equipment goods (check as applicable) of Debtor described below, together with all additions and accessions thereto and replacements thereof and all other collateral, money, and property of Debtor now or hereafter in the possession, custody, or control of Bank or in or to which Bank now has or hereafter acquires a security interest.

Debtors

11. **DEBTOR'S OBLIGATIONS.** Whenever referred to "Debtor's Obligations" means the indebtedness described at Paragraph 3 hereof, all sums and expense, including attorney's fees, collection, legal and receiver's expense, incurred or incurred by Bank for or in connection with Debtor's and any obligation of Debtor and a reasonable delinquency charge on each installment in default for ten days or more, which Debtor promises to pay, all past and continuing arrears, if or for Debtor's failure to meet its obligations, all delinquent amounts, and all extensions and renewals thereof and however evidenced, and the covenants and liabilities undertaken by Debtor herein and in any other agreement with Bank.

[illegible]

2. **DEBTOR'S OBLIGATIONS.** As a collateral in Bank's loan, Debtor's obligation to Bank shall include, without limitation, the following: (a) comply with all laws, statutes and regulations pertaining to it; (b) pay when due all taxes, license, charge, and other impositions on or for it or Debtor's Obligations; (c) promptly file and record such statements, notices and reports as, take such action, and obtain such certificates and documents, in accordance with all applicable laws, statutes, and regulations, as necessary to perfect evidence and create in Bank's security interest in it; (d) upon demand, give Bank such information as requested concerning it and Debtor's business, and permit Bank to inspect and copy the records thereof; (e) as appropriate, keep it and the proceeds thereof, Debtor's rights and interests therein, separate from Debtor's other property, and until otherwise notified by Bank, insure and collect it at Debtor's expense, and maintain accurate and complete records thereof, and account fully for and promptly deliver to Bank the proceeds thereof as and when received; (f) keep or require any goods which are security for or represented by it to be insured by one or more, and with carriers acceptable to Bank and against such risks and conditions as Bank considers reasonable, customary or appropriate, and with loss payable to Bank, and providing for written notice to Bank at least ten days prior to cancellation or material change (the proceeds of which may be applied to Collateral or Debtor's Obligations as Bank elects); and (g) as appropriate, properly care for, house, store and maintain it and any goods represented by it in good condition, free of misuse, abuse, waste and deterioration, and cultivate, harvest, raise, fatten, graze, cut, extract, process and prepare it for sale or market according to approved methods, and promptly and duly observe and perform any contract or agreement pertaining to or part of it; (2) Debtor will not, without Bank's written consent: (a) exchange, lease, lend, use, operate, race, demonstrate, sell or dispose of it or Debtor's rights therein or permit it to be or become so affixed to realty as to be a part or become a fixture thereof, except until otherwise notified by Bank, equipment goods may be used if subject to reasonable wear and tear of intended use only, and inventory goods or raw materials may be used, and inventory goods held for sale may be sold, in the regular course of Debtor's business for cash and for not less than the minimum sale or Release Price specified by Bank; (b) make any compromise, adjustment, amendment, modification, settlement, substitution or termination, or accept the return of any goods, of or in connection with it; (c) as appropriate, remove it from or outside Collateral Location(s) or premises specified on reverse hereof; or (d) permit anything to be done that may impair, or fail to do anything necessary or advisable to preserve, its value and the security and insurance coverage and proceeds intended for Bank.

3. **DEFAULT.** Upon the happening of any of the following: (1) default in payment or performance of Debtor's Obligations or covenants; (2) law or court order relating to Debtor's Collateral or Debtor's other property; (3) commission of an act of bankruptcy or other act in violation of bankruptcy proceedings or laws; or (4) the death, dissolution, termination of existence or insolvency of, Debtor or any subsidiary of Debtor, or misrepresentation, misstatement or failure to disclose material facts.

the correctness of all written information and representations by Debtor to Bank; or (5) Bank, because of any injury to, or destruction, loss, or decline in value or market price of, Collateral, or for any other reason in good faith, deems itself insecure.—Then Bank, at its election and in addition to all other rights, powers and privileges, may: (1) declare the unpaid balance, in whole or in part, of Debtor's Obligations immediately due and payable without demand or notice and proceed to collect same; (2) waive or remedy any default without waiving it or any prior or subsequent default; (3) terminate any agreement for financial accommodation; and (4) as appropriate, take possession of Collateral with or without legal process or where Debtor is accessible it and make it available to, and at a reasonably convenient place designated by, Bank and sell it at public sale in the county where located or where this Agreement was made or at any other place or places designated by Bank, and if the proceeds of any

1. ~~WARRANTY~~ (1) Bank has no responsibility or liability for the correctness, validity,

(a) Bank shall have the right to take possession of Collateral without notice and without any other conditions, and to sell Collateral (i) if any other lien or action is filed against Collateral, or (ii) if the Collateral is sold by legal proceedings brought by or on behalf of the Bank, or (iii) for cash dividends, interest, principal, royalties and other income and deposits hereinafter payable on or on account of Collateral; (c) enter into any extension, reorganization, deposit, merger or distribution or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for, Collateral; (d) insure, process, and preserve Collateral; (e) transfer Collateral to its own or its nominee's name; (f) make any compromise or settlement, and take any action it deems advisable to enforce all the rights, powers and remedies of an owner, with respect to Collateral; and (g) make any payment and perform any agreement undertaken by Debtor and expend such sums and incur such expense, including reasonable attorney's fees and legal expenses as Bank reasonably deems advisable. Debtor and Debtor's Obligations will pay to Bank together with any deficiency or balance on Debtor's Obligations remaining after any sale or other disposition of Collateral by Bank, with interest at 7% per annum or as agreed.

(C) Debtor (s) will give Bank prior written notice of any change of residence or place of business and address, heretofore and all policies or certificates of insurance required for Collateral; and (D) hereby assigns to Bank any return or interest payment becoming due on any insurance covering Collateral, directs the insurers to pay same to Bank, and irrevocably appoints Bank by any officer as Debtor's attorney-in-fact to cancel such insurance and to endorse and sign any instrument payable to Debtor or required to obtain such insurance premium or proceeds.

(4) The singular includes the plural. If there is more than one Debtor, their obligations and agreements hereunder are joint and several and binding upon their respective heirs, successors and assigns, and delivery or other accounting of Collateral (in whatever form) to any one of them shall discharge Bank of all liability therefor. If Debtor is a married woman, recourse may be had against her separate property for her indebtedness and obligations to Bank.

(5) This is a continuing agreement and applies to all past, present and future indebtedness, obligations, and transactions of Debtor, or any of them, with Bank, and whether or not such transactions continue, increase, decrease or create new indebtedness after or before payment of prior indebtedness, and notwithstanding the death, incapacity or bankruptcy of, or other event or proceedings affecting any Debtor.

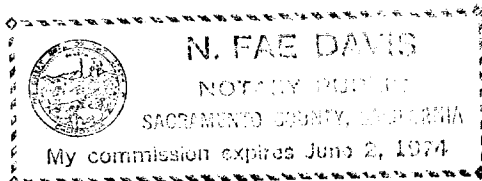
(6) Time is of essence. Acceptance of partial or delinquent payments or failure to exercise any right, power or remedy shall not waive any obligation of Debtor or modify this Agreement. Debtor, its successors and assigns, have all rights, powers and remedies herein and as provided by law, including those of a secured party under Uniform Commercial Code, and may exercise the same and effect same as a matter of course against Collateral or other security for Debtor's Obligations at any time notwithstanding any cessation of Debtor's liability as a result of the completion of liquidation, when Debtor hereby covenants to hold Collateral subject to law. Failure to Comply with this Agreement at its Office, where this agreement was made and Debtor's acceptance hereof constitutes its agreement hereto.

STATE OF CALIFORNIA
COUNTY OF SACRAMENTO

} SS

6605

ON December 20, 1971, before me, the
undersigned, a Notary Public in and for said County and State, personally appeared
J. W. "BILL" STONE



known to me to be the person... whose name is subscribed to the within
instrument, and acknowledged to me that he executed the same.

GENERAL ACKNOWLEDGMENT

Form No. 16

Notary's Signature

N. Fae Davis

Type or Print Notary's Name

N. Fae Davis